

Message Text

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SUBJ: PORTUGUESE-SOVIET TRADE

SUMMARY: PRESS CONFERENCE HELD TO DISPEL DOUBTS AND GIVE
ACCOUNTING OF PORTUGUESE-SOVIET COMMERCE LED TO
CONFLICTING ACCOUNTS OF AGREEMENTS FOR PORTUGUESE
EXPORTS OF WINE, SHOES, AND TOMATO PASTE, PLUS PROSPECTIVE
EXPORTS OF NUMBER OF OTHER PRODUCTS. END SUMMARY.

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1. PORTUGUESE GOVERNMENT AGENCIES HELD JOINT PRESS CONFERENCE

APRIL 14 EXPLICITLY TO GIVE ACCOUNTING TO PORTUGUESE PEOPLE OF STATE OF PORTUGUESE-SOVIET COMMERCIAL RELATIONS, AND TO DISPEL DOUBTS CREATED BY "CERTAIN REACTIONARY PRESS." REPRESENTATIVES FROM NATIONAL FRUIT AND WINE BOARDS WERE JOINED BY DIRECTOR OF PORTUGUESE COMMERCIAL OFFICE IN MOSCOW (LISBON 1738)) AND AIDE TO MINISTER WITHOUT PORTFOLIO (AND PORTUGUESE COMMUNIST PARTY LEADER) ALVARO CUNHAL.

2. CUNHAL'S AIDE, MENDES CORREIA, FIRST CITED HISTORY OF EXCHANGES OF VISITS OVER PAST SIX MONTHS SINCE CUNHAL'S VISIT TO MOSCOW. HE SAID THAT TO BEGIN TRADE WITH SOVIET UNION IT HAD BEEN NECESSARY TO OVERCOME BOTH PORTUGUESE INTERNAL DIFFICULTIES (SPECIFICALLY, FRAGMENTED AND HIGH-COST SECTORS SUCH AS FOR WINE AND SHOES, AND WEAK EXPORTERS' STRUCTURES) AND FACT THAT AS A PLANNED ECONOMY SOVIET UNION HAD ALREADY PROGRAMMED ITS 1975 PURCHASES.

3. DESPITE DIFFICULTIES, ACCORDING TO GROUP, CONTRACTS FOR CONSIDERABLE AMOUNTS OF GOODS UNDER "ADVANTAGEOUS CONDITIONS" HAVE ALREADY BEEN SIGNED, WITH MORE IN PROSPECT. HOWEVER, ACCOUNTS IN DIARIO DE NOTICIAS AND O SECULO ARE NOT IN AGREEMENT ON GOODS AND AMOUNTS. DIARIO EMPHASIZED SALE OF 155,000 HECTOLITERS OF WINE (AT A PRICE THAT IT "WOULD NOT BE OPPORTUNE AT THE MOMENT TO REVEAL") AND MORE THAN 100,000 PAIRS OF SHOES (AT AVERAGE \$12 A PAIR-- A PRICE, IT WAS EMPHASIZED, MUCH HIGHER THAN THE \$2.40 THAT HAD BEEN CLAIMED IN PRESS). CONTRACTS AND NEGOTIATIONS FOR OTHER PRODUCTS IN UNSPECIFIED AMOUNTS ALSO WAS CLAIMED. ACCORDING TO DIARIO, FIRST SOVIET SHIP WITH 15,000 HECTOLITERS OF WINE LEFT FOR LENINGRAD ON APRIL 7, WITH TWO MORE SHIPS SCHEDULED THIS MONTH. MUCH OF REST WILL HAVE TO GO ON PORTUGUESE SHIPS AS SOVIET CAPACITY IS LIMITED.

4. O SECULO ACCOUNT SOUNDED ALMOST LIKE THE PAPER'S REPORTER ATTENDED DIFFERENT PRESS CONFERENCE. IT FOCUSED ON OVERALL AMOUNT OF \$12 MILLION IN UPCOMING PORTUGUESE EXPORTS, SAID CONTRACT FOR 5,500 TONS OF TOMATO PASTE AT \$640 A TON WAS SIGNED, AND AGREE WITH DIARIO' FIGURE FOR WINE. ARTICLE WENT ON TO CLAIM THAT FURTHER EXPORTS OF 5,500 TONS OF TOMATO PASTE, 250,000 HECTOLITERS OF WINE, 500 TONS OF SHELLLED ALMONDS, AND 1,185 PAIRS OF SHOES ARE FORESEEN. BOTH PAPER MENTIONED LIMITED OFFICIAL USE

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FURTHER EXPORTS, WITH SECULO PROVIDING SOME FIGURES-- CLOTHING, RAILWAY MATERIAL, TWO MILLION METERS OF CLOTH, PORT WINE, PLASTIC MOLDS, ELECTRIC WIRE, 38,000 METERS OF WOOL CLOTH, AND CORK, AS WELL AS SHIP REPAIR AT LISBON'S LISNAVE SHIPYARD.

5. BOTH ACCOUNTS EMPHASIZED IMPORTANCE OF WINE PURCHASES AT TIME WHEN COUNTRY IS FACED WITH PROBLEM OF DISPOSING OF EXCESS

PRODUCTION FROM 1973 AND 1974 CROP (4 TO 5 MILLION HECTOLITERS), AND WINE BOARD IS BUYING IT UP FOR UP TO 25 CENTS A LITER.

6. ACCORDING TO BOTH PAPERS, 19 SOVIET FIRMS WILL BE REPRESENTED AT LISON INTERNATIONAL FAIR, WHILE PORTUGUESE FISHERIES PRODUCTS FIRMS WILL EXHIBIT AT AUGUST FAIR IN LENINGRAD. SECULO ALSO POINTED TO ALREADY NEGOTIATED SOVIET EXPORTS TO PORTUGAL-PETROLEUM, PINE LUMBER, AND SARDINES.

7. COMMENT: ACCORDING TO OFFICIAL FIGURES, 1974 PRODUCTION OF TOMATO PASTE WAS 130,000 TONS. TOMATO PROCESSORS ASSOCIATION CONFIRMED SALE OF 5,500 TONS OF TOMATO PASTE, BUT SAID PRICE IS BETTER--\$750 A TON--THAN CLAIMED AT PRESS CONFERENCE. ADDITIONAL SALES POSSIBLE BUT NOT FIRM.

8. PORTUGUESE SOURCES TELL US THAT TEXTILE INDUSTRY HAS ALREADY BEEN SOLD 400 TONS OF SOVIT COTTON, AND IS BEING HEAVILY PRESSURED TO TAKE MORE. THEY SAY THAT ALTHOUGH PRICE IS FAIRLY COMPETITIVE, THEY ARE RELUCTANT AS QUALITY IS CONSIDERABLY DIFFERENT FROM MOZAMBICAN COTTON TO WHICH INDUSTRY IS ACCUSTOMED.

9. RUMORS HAVE ABOUNDED IN LISBON DURING RECENT MONTHS ABOUT ROCK-BOTTOM PRICES SOVIETS ARE OFFERING FOR PORTUGUESE GOODS. ACCORDING TO CURRENT RUMOR, SOVIETS ARE PAYING 10 CENTS A LITER FOR WINE. WINE BOARD TOLD EMBOFF PRICE IS "CONFIDENTIAL" WHICH WE INTERPRET TO MEAN LOW. RELUCTANCE TO REVEAL PRICE WILL ONLY FEED RUMORS.
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